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SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-66063; File No. SR-DTC-2011-13)

December 28, 2011

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Revise Fees for Equity and Debt Derivatives

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4<sup>2</sup> thereunder, notice is hereby given that on December 15, 2011, The Depository Trust Company (“DTC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II, which Items have been prepared primarily by DTC. DTC filed the proposed rule change pursuant to Section 19(b)(3)(A)(ii) of the Act and Rule 19b-4(f)(2) thereunder so that the proposed rule change was effective upon filing with the Commission.<sup>3</sup> The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule change would revise fees for equity and debt derivatives.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, DTC included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A)(ii) and 17 CFR 240.19b-4(f)(2).

below. DTC has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.<sup>4</sup>

(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

There are certain types of equity and debt derivatives, as they are classified at DTC, that represent debt of an issuer whose coupon and yield are derived from the performance of an underlying stock, basket of stock, commodity or other index. Due to the unique nature of equity and debt derivatives, as opposed to the typical common stock or corporate bond (which are considered “Basic” at DTC), DTC currently assesses Participants a “Complex Eligibility Fee” as part of the DTC eligibility process.<sup>5</sup> As more fully described below, the purpose of this rule change is to provide a reduction in the complex eligibility processing fee on equity and debt derivatives based on volume.

Recent demand has changed the dynamics of the market for equity and debt derivatives. The asset servicing set-up is becoming more standardized as issuers are limiting the corporate action variations in order to realize operational efficiencies through economies of scale. For example, some issuers are choosing two or three basic payment structures with similar call features for all the equity or debt derivatives they issue. The ability to issue these products under a “program-like” structure has created a variation of a debt and equity derivative that requires an eligibility review more similar to that of products currently considered “Basic” at DTC. This is because the legal requirements of the subsequent issuances remain unchanged from the base prospectus and the asset servicing requirements generally follow a few basic

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<sup>4</sup> The Commission has modified the text of the summaries prepared by DTC.

<sup>5</sup> DTC’s eligibility process typically involves a legal review of registration exemptions and evaluation of asset servicing requirements that are not standardized.

structures. As such, DTC has proposed to adjust its Fee Schedule to reflect the following tiered pricing:

- (i) A Participant closing 15 or more equity or debt derivatives in a day will be assessed the current “Complex Eligibility Fee” (\$750) for the first 14 issuances.
- (ii) Beginning with the 15<sup>th</sup> issuance, the fee will be reduced to the current “Basic Eligibility Fee” (\$350 or \$500 depending on single versus multi CUSIP).

Issuances that contain the option to receive the underlying stock at maturity will not qualify for the tiered pricing and will continue to be assessed the “Complex Eligibility Fee” because they still require a manually intensive set-up process.

The proposed fee revisions are consistent with DTC’s overall pricing philosophy to align service fees with underlying costs, discourage manual and exception processing, and encourage immobilization and dematerialization of securities. DTC intends for these fee adjustments to be effective January 2, 2012.

DTC believes the proposed rule change is consistent with the requirements of Section 17A of the Act<sup>6</sup> and the rules and regulations thereunder applicable to DTC because it would clarify and update DTC’s fee schedule to facilitate the equitable allocation of reasonable dues, fees, and other charges among DTC’s participants.

(B) Self-Regulatory Organization's Statement on Burden on Competition

DTC does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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<sup>6</sup> 15 U.S.C. 78q-1.

(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments relating to the proposed rule change have not yet been solicited or received by DTC.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective upon filing pursuant to Section 19(b)(3)(A)(ii) of the Act<sup>7</sup> and Rule 19b-4(f)(2)<sup>8</sup> thereunder because it is establishing or changing a due, fee, or other charge applicable only to a member. At any time within sixty days of the filing of such rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-DTC-2011-13 on the subject line.

Paper comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

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<sup>7</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>8</sup> 17 CFR 240.19b-4(f)(2).

All submissions should refer to File Number SR-DTC-2011-13. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at DTC's principal office and on DTC's website at [http://www.dtcc.com/downloads/legal/rule\\_filings/2011/dtc/SR-DTC-2011-13.pdf](http://www.dtcc.com/downloads/legal/rule_filings/2011/dtc/SR-DTC-2011-13.pdf). All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR-DTC-2011-13 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>9</sup>

Elizabeth M. Murphy  
Secretary

[FR Doc. 2011-33716 Filed 01/03/2012 at 8:45 am; Publication Date: 01/04/2012]

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<sup>9</sup> 17 CFR 200.30-3(a)(12).